

# OVERTIME DEDUCTION UPDATE

## New Tax Benefit for Eligible Workers



### OVERTIME DEDUCTION

Under the new law, overtime compensation—as required under the Fair Labor Standards Act—may be deductible on your federal income tax return.



#### DEDUCTION LIMITS

- Single filers: Up to \$12,500
- Joint filers: Up to \$25,000

To qualify for the full deduction:

- Single filers must earn less than **\$150,000**
- Married filing jointly filers must earn less than **\$300,000**

The deduction phases out by **\$100** for every **\$1,000** your MAGI exceeds these thresholds.



#### HOW IT WORKS

Only the difference between your overtime and regular wage is deductible.

*Example:*

- Regular wage: \$30/hour
- Overtime wage: \$45/hour
- Deductible portion: \$15/hour



#### IMPORTANT NOTES

- Applies only to federal income tax
- Does not affect payroll taxes
- Married couples must file jointly to qualify

### WHAT OTHER TAX CHANGES MIGHT HELP YOU

**Tips Deduction:** Deduct up to \$25,000 of tips on your federal tax return.

**Car Loan Interest:** Deduct interest paid on new car loans (up to \$10,000).

**SALT Deduction Cap Raised:** Deduct up to \$40,000 for state and local taxes if you itemize.

